MEMORANDUM OF AGREEMENT

BETWEEN THE SEASIDE BASIN WATERMASTER
AND THE
MONTEREY REGIONAL WATER POLLUTION CONTROL
AGENCY

THIS AGREEMENT is made and entered into this 3rd day of
April, 2008, by and between the SEASIDE BASIN WATERMASTER,
hereinafter referred to as the "WATERMASTER", and the MONTEREY REGIONAL
WATER POLLUTION CONTROL AGENCY, hereinafter referred to as the
"AGENCY", as follows.

In this Agreement the terms “Party” and “Parties” refer to the WATERMASTER and/or
the AGENCY, either individually or collectively.

RECITALS:

A. Under Case No. M66343, California Superior Court, Monterey County, on March
27, 2006 by entry of Judgment ("Judgment") the WATERMASTER was created.
The purpose of the WATERMASTER is to assist the Court in the administration and
enforcement of the provisions of the Judgment.

B. One of the duties and responsibilities assigned to the WATERMASTER by the
Judgment is to collect Artificial Replenishment Assessments from water producers
within the Seaside Basin, under terms and conditions set forth in the Judgment. The
purpose of funds generated from the collection of these Artificial Replenishment
Assessments is to procure Non-Native water, including, if appropriate, substitute
reclaimed water, for replenishment of the Seaside Basin.

C. The AGENCY is developing a Ground Water Replenishment Project (GWRP) that
will use highly treated reclaimed wastewater to help recharge the Seaside Basin.

D. The WATERMASTER wishes to provide financial assistance to the AGENCY to
aid the AGENCY in developing its GWRP.

E. In and for their mutual interests the WATERMASTER and the AGENCY wish to
enter into this Agreement for the purpose of furthering the development of the
GWRP.
Terms and Conditions

In consideration of the mutual promises contained herein, the WATERMASTER and the AGENCY hereby agree to the following terms and conditions:

1. **Responsibilities of the Parties.** The responsibilities of the Parties under this Agreement are set forth in this section, as follows:

   A. **What the WATERMASTER Will Do.**
      1. The WATERMASTER will provide funding assistance to the AGENCY in the total fixed amount of $100,000.00 to aid the AGENCY in the development of its GWRP. The work that the AGENCY will perform in return for this funding assistance is described in Attachment A to this Agreement.
      2. The WATERMASTER will provide its funding assistance in accordance with the following schedule:
         a. Two-thirds of the total fixed amount of funding assistance will be provided to the AGENCY within 30 days following the receipt by the WATERMASTER of the Task 1.10 Technical Memorandum No. 05-1 described in Attachment A.
         b. The remaining one-third of the total fixed amount of funding assistance will be provided to the AGENCY within 30 days following the receipt by the WATERMASTER of the Task 3.3 Draft Project Description Report (TM 05-2) described in Attachment A.

   B. **What the AGENCY Will Do.**
      1. The AGENCY and/or its consultant will perform the work described in Attachment A to this Agreement. This work will be performed in order to develop the AGENCY’s GWRP to the level of detail necessary for it to be included as part of an alternative project in the administrative draft of the Environmental Impact Report (EIR) that will be prepared by the California Public Utilities Commission (PUC) for California American Water Company’s Coastal Water Project. This administrative draft EIR is expected to be completed by the PUC in June 2008.
      2. WATERMASTER staff will be invited to attend any key milestone meetings that are held locally between the AGENCY and its consultant, and any conference calls that occur under Task 4 –Conference Calls, as the work described in Attachment A is being performed, in order to enable the WATERMASTER to stay abreast of the work, raise pertinent questions in a timely manner, and provide input as appropriate.
      3. The WATERMASTER will be provided one electronic copy, and 10 hard copies, of all deliverables that the consultant provides to the AGENCY in conjunction with performing the work described in Attachment A, so that
the WATERMASTER’s Technical Advisory Committee and its Board of Directors can review these documents.

2. **Term of Agreement.** The term of this Agreement shall commence on the date of its execution, and shall continue in effect unless and until terminated by either Party hereto, by giving the other Party at least a thirty (30) day written notice. If the AGENCY terminates this Agreement, termination shall constitute forfeiture of all of the WATERMASTER’s payments to the AGENCY under this Agreement, and the AGENCY shall return those payments to the WATERMASTER in full within 30 days of the date of the AGENCY’s termination of this Agreement. If the WATERMASTER terminates this Agreement, the WATERMASTER’s obligations under this Agreement shall be reduced and limited to the amount of the WATERMASTER’s payments made prior to the date of termination, and the WATERMASTER shall have no further obligations under this Agreement.

3. **Hold Harmless.** Under this Agreement the AGENCY does hereby agree to indemnify, defend, and hold the WATERMASTER and its Board members, officers, employees, agents, and representatives harmless from and against any and all liability, claims, suits, actions, damages, and causes of action of any kind arising out of the AGENCY’s planning, design, and construction of the AGENCY’s GWRP, and from the AGENCY’s subsequent use, operation, and maintenance of its GWRP.

4. **Venue.** In the event that suit shall be brought by either Party to this Agreement, the Parties agree that venue shall be exclusively vested in the state courts of the County of Monterey, or, if brought in federal court, in the United States District Court handling matters arising in Monterey County. Further, the prevailing Party shall be entitled to reasonable attorney fees and costs.

5. **Notices.** Written notice shall be deemed to have been duly served if delivered in person or by mail to the individuals and at the addresses listed below:

   **A. WATERMASTER:**
   - Chief Executive Officer
   - Seaside Basin Watermaster
   - 2600 Garden Road, Suite 228
   - Monterey, CA 93940

   **B. PROFESSIONAL:**
   - General Manager
   - Monterey Regional Water Pollution Control Agency
   - 5 Harris Court, Building D
   - Monterey, CA 93940
IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the dates shown below.

WATERMASTER

Date: June 4, 2008
By: 

Dewey D. Evans
Title: Chief Executive Officer

AGENCY

Date: June 2, 2008
By: 

Keith E. Israel
Title: General Manager
ATTACHMENT A

Scope of Work

Planning Phase Tasks for MRWPCA’s GWRP

Note: Within this Attachment A the term “MRWPCA” refers to AGENCY, and the term “CDM/Todd team” refers to the AGENCY’s consultant, as these terms are used in the body of this Agreement.

Task 1 – Evaluation of Two Alternative Replenishment Projects

1.1 Define Two Alternative Replenishment Projects

a. Select candidate sites for two project types: Coastal Barrier/Replenishment Project and Upgradient Replenishment Project. Import parcel boundaries into project GIS to review size, surrounding land use, and general access.

b. Identify data needs and sources for the conceptual design and evaluation of each project.

1.2 Describe Site-Specific Hydrogeology

a. Compile and analyze readily-available, existing data surrounding the two replenishment projects from nearby monitoring wells and published reports regarding aquifer thickness, lithology, and texture, depth to water and water levels, changes in water levels over time, and aquifer parameters. Describe the hydrogeologic conditions associated with each project, based on existing data.

b. Evaluate the regional setting of each project including location and production of nearby pumping wells, proximity to regional cones of depression (as mapped by Yates and others), and aquifer flow regime.

1.3 Identify Target Aquifers and Recharge Methods

a. Identify target aquifers and recharge methods applicable to each replenishment project using analysis from Tasks 1.1 and 1.2.

b. Incorporate the data and information compiled and summarized in previous Technical Memoranda prepared by the CDM/Todd team on aquifers and recharge methods.

c. Assess the potential for a combination of recharge methods for each project.

1.4 Determine Conveyance Facilities Required
a. Determine conceptual alignment and pipe sizes for recycled water supply from the Regional Urban Recycled Water Pipeline to site of each Alternative Replenishment Project.

b. Develop conceptual construction cost estimates for the supply pipelines.

1.5 Describe Physical Site Conditions and Identify Preliminary Site Constraints for Each Replenishment Project

a. Describe the general site conditions with respect to ownership, topography, access, and proximity to utilities, based on readily-available data. The description will focus on the ability to conduct preliminary field investigations at the site as well as general information on long-term operation of a replenishment project.

b. Identify physical constraints to future investigation and/or implementation of a replenishment project at each site.

1.6 Summarize Relevant Regulatory Requirements

a. Review CDPH draft regulations for Groundwater Recharge Reuse with recycled water for application to the two replenishment projects.

b. Assess potential regulatory constraints for each project. Identify regulatory requirements that may be more difficult to meet for one project versus the other.

c. Discuss possible sources and quantities of required diluent water.

d. Work with MRWPCA staff member that is knowledgeable on regulations relevant to the replenishment projects.

1.7 Develop Conceptual Construction Cost Estimates

a. Develop conceptual cost estimates for the construction of the two alternative replenishment projects including vadose zone wells, injection wells, basins, conveyance, and other site-specific project costs. Costs are being developed to allow for comparison of the two alternative projects rather than a representation of total project cost. Monitoring costs or other costs that are currently unknown but are likely to be similar for both projects may not be included.

b. Incorporate cost data compiled in previous Technical Memoranda prepared by the CDM/Todd team.

1.8 Identify Data Gaps and Additional Investigation Required
a. Identify hydrogeologic data gaps associated with each of the two replenishment projects.

b. Recommend a preliminary field program or data acquisition effort to address data gaps at the two proposed replenishment project sites, to assist with project definition. Program will recommend investigative methods, analysis techniques, and field data deliverables.

c. Provide preliminary costs associated with the field program and note site limitations for the field program, if any.

1.9 Compare Alternative Replenishment Projects

a. Evaluate the technical, economic, and regulatory feasibility with implementation of each replenishment project, based on existing data.

b. Define criteria and priorities for ranking the sites for application to each replenishment project.

c. Provide table of major advantages and disadvantages associated with the two replenishment project recognizing limitations of existing data.

d. In collaboration with Agency staff, recommend preferred Replenishment Project

1.10 Deliverable: Prepare Technical Memorandum No. 05-1 summarizing the work of Tasks 1.1 through 1.9. Include summary of relevant information and data contained in TMs 1-2 and 2 from RFS GWR-02. Submit five (5) copies of a draft of TM 05-1 and one electronic copy. TM is estimated to be no longer than 30 pages plus no more than 10 tables and 10 graphics. Respond to Agency’s review comments on the draft TM. Integrate revisions as appropriate into the Project Description Report, under Task 3, below.

1.11 Schedule: Submit draft TM within 2 months of receipt of notice to proceed with RFS-05.

Task 2 – Advanced Recycled Water Treatment Plant

2.1 Review and Update Draft TM Report on Task 8 of GWR RFS-01. Submit five (5) copies of the updated draft of TM Task 8 and one electronic copy for Agency’s information.

2.2 Prepare Preliminary Conceptual Site Plan for AWT Plant: Design flow will be 6.0 mgd. Agency will provide general location at site of Agency’s RTP. Show major site
pipelines for effluent supply to the AWT and reject flows (MF backwash, brine reject and chemical cleaning). Integrate site plan and revisions to Task 8 TM, as appropriate into the Project Description Report, under Task 3, below.

**Task 3 – Prepare Draft Project Description Report**

3.1 **Integrate the work products of Tasks 1 and 2 into a Draft Project Description Report** The goal of the Draft Project Description Report is to provide a sufficient level of detail to allow the preferred Replenishment Project, and perhaps an alternative, to be included in an environmental review process for a regional water supply plan. This review, being conducted by the California Public Utilities Commission (PUC), will require a defined project location, recharge methods and target aquifers, preliminary technical feasibility, and conceptual costs in order to consider potential environmental impacts during the preparation of an Environmental Impact Report (EIR), to be prepared by others.

3.2 **Assumptions:** Tasks included in this RFS-GWR-05 have been scoped to provide information for said environmental review, based on existing data and budgetary constraints. This task provides for a draft report only. If it is determined by the EIR team that additional information is required, a cost estimate associated with the additional work will be provided.

3.3 **Deliverable:** Submit five (5) copies of the Draft Project Description Report (TM 05-2) and one electronic copy. TM is estimated to be no longer than 50 pages plus no more than 12 tables and 15 graphics.

3.4 **Schedule:** Submit draft Project Description Report within 3 months of receipt of notice to proceed with RFS-05.

**Task 4 – Conference Calls**

4.1 **Participate in Conference Calls with Agency and Other Project Team Members:** The level of effort for this task includes three (3) calls, 1.5 hours each, attended by three (3) persons.

**Task 5 – Project Management and Quality Assurance**

5.1 **Project Management:** Manage the work of this RFS to maintain schedule, budget and quality. Manage subconsultants. Keep Agency informed of schedule and budget limitations in a timely manner.

5.2 **Quality Assurance:** Provide internal independent review of deliverables in conformance with CDM’s QA policy.

5.3 **Deliverables:** Monthly invoices and progress reports.